



# Arizona State Senate Issue Brief

September 15, 2008

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The Senate Research Staff provides nonpartisan, objective legislative research, policy analysis and related assistance to the members of the Arizona State Senate. The *Research Briefs* series, which includes the *Issue Brief*, *Background Brief* and *Issue Paper*, is intended to introduce a reader to various legislatively related issues and provide useful resources to assist the reader in learning more on a given topic. Because of frequent legislative and executive activity, topics may undergo frequent changes. Additionally, nothing in the *Brief* should be used to draw conclusions on the legality of an issue.

# ARIZONA'S CREDIT REPORT SECURITY FREEZE

## INTRODUCTION

A consumer credit report is the record of an individual's credit history, including credit card accounts, revolving credit accounts, borrowing and payment history, credit inquiries and credit limits. Additional information typically contained in the report consists of past and present residences of the consumer, whether the consumer has been sued or arrested and any bankruptcy filings by the consumer. Companies that gather and sell this information are called consumer reporting agencies; the three main agencies are Equifax, Experian and Trans Union.

A security freeze, also known as a credit freeze, allows an individual to control access to and dissemination of the individual's credit report by restricting the release of information without the consumer's express authorization. A credit freeze stops access to the credit report, blocking lenders and credit card issuers from viewing that information, effectively preventing new accounts from being opened. Because new accounts cannot be created, placing a credit freeze on a consumer report may prevent financial identity theft.

Equifax, Experian and TransUnion currently allow consumers to freeze their credit reports for a fee. Thirty-nine states have enacted laws further regulating consumer reporting agencies when a consumer requests a security freeze.

## ARIZONA REGULATION

Currently, the three main consumer reporting agencies have voluntarily established procedures that allow consumers to freeze their reports. However, the fees and guidelines differ from company to company, and prior to 2008 Arizona did not mandate that the option of a freeze be available to a consumer, nor did it regulate the fees or procedures for requesting a freeze.

In 2008, Arizona enacted legislation to establish procedures and requirements for a consumer to request and a credit reporting agency to place or lift a security freeze on a consumer's credit report. The legislation requires consumer reporting agencies to place a security freeze on a consumer's credit report or score

within ten business days of receiving a written request from the consumer. It further requires the agency to send notification to the consumer that a freeze has been placed, along with a personal identification number so that the consumer may gain access to a frozen report or score. Additionally, it prohibits a consumer reporting agency from charging more than five dollars to place, remove or lift a security freeze.

If a freeze is in place, the new law prohibits a reporting agency from changing a consumer's name, date of birth, Social Security number or address in the report without sending a written confirmation of the change within 30 days after the change is posted.

There are several agencies and groups that may continue to access a credit report or score, even if it has been frozen by the consumer. These exceptions include state agencies, including the Department of Revenue, Department of Health Services, Department of Transportation, the Administrative Office of the Courts, Child Protective Services and any state or local agency, law enforcement agency, trial court or private collection agency acting pursuant to a court order.

The legislation also established guidelines for consumers to remove or temporarily lift a freeze on a report. A frozen report would most likely result in a legitimate application for credit by the consumer to be denied by a third party, so the consumer may want to remove or temporarily lift the freeze in the future. A freeze must be removed or lifted within three days of the reporting agency receiving the request by mail, and within 15 minutes (with some exceptions) when the request is received by telephone, Internet or other electronic contact method. Any violation of a security freeze requirement by a consumer reporting agency is classified as consumer fraud and is subject to enforcement through private action and the Attorney General through injunctive relief.

## **ADDITIONAL RESOURCES**

- Consumer Credit Statutes; Arizona Revised Statutes, Title 44, Chapter 11, Article 6, and A.R.S. § 44-1698
- Experian  
888-397-3742  
[www.experian.com](http://www.experian.com)
- Equifax  
888-766-0008  
[www.equifax.com](http://www.equifax.com)
- TransUnion  
800-680-7289  
[www.transunion.com](http://www.transunion.com)